



Finance Committee Briefing May, 2015 YTD Results

General Fund Dayton City Commission Work Session

June 24, 2015





Today's Agenda

1. General Fund Financial Results through May, 2015
2. Potential impacts on Dayton from State budget proposals.
3. 2016 Budget Issues





General Fund Overview

1. Revenues and Other Sources are \$2.7M or 4% over budget and are \$2.8M greater than the same period in 2014.
2. Expenditures are \$3.2M or 5% under budget and have declined \$2.2M or 3% from the first five months of 2014. Note: Costs are understated as all wage adjustments have not been completed.
3. Overall, at the end of May, total sources exceeded total uses by \$1.4 million.



Finance Committee Briefing • May 2015 YTD General Fund Results



(In millions, Does not Include Special Projects)									
	2015 Original Budget	2015 YTD Budget	2015 YTD Actuals	Budget Variance	Budget Variance	2014 YTD Actuals	2015 YTD Actuals	'14-'15 \$ Chg.	'14-'15 % Chg.
Revenues & Other Sources									
Income Tax	103.6	44.9	46.6	1.7	3.7%	43.5	46.6	3.1	7.1%
Property Tax	5.2	2.7	2.8	0.0	0.6%	2.9	2.8	(0.1)	-4.9%
Local Gov't Fund	6.9	2.9	3.0	0.1	3.1%	2.7	3.0	0.3	10.3%
EMS Fees	4.7	1.9	2.1	0.2	11.5%	1.8	2.1	0.3	15.5%
Fees, Charges & Other Sources	30.1	11.9	12.8	0.8	7.1%	13.5	12.8	(0.7)	-5.3%
Casino	3.3	1.6	1.6	(0.1)	-4.9%	1.6	1.6	(0.0)	-2.1%
Total Sources	153.9	66.0	68.8	2.7	4.2%	66.0	68.8	2.8	4.2%
Use of Cash Reserve	2.5	0.0	0.0	0.0	N.A.	0.0	0.0	0.0	N.A.
27th Payroll	2.3	0.0	0.0	0.0	N.A.	0.0	0.0	0.0	N.A.
Total Sources & App. Fund Balance	158.6	66.0	68.8	2.7	4.2%	66.0	68.8	2.8	4.2%
Expenditures & Other Uses									
Personnel	114.2	49.3	46.9	2.4	4.9%	46.7	46.9	0.2	0.4%
Contracts, Materials & Other Uses	36.0	15.8	15.1	0.7	4.5%	16.4	15.1	(1.2)	-7.5%
Capital Equipment	3.4	0.4	0.3	0.1	15.5%	0.8	0.3	(0.5)	-59.5%
Capital Improvements	2.5	2.5	2.5	0.0	N.A.	0.7	2.5	1.8	255%
Development	2.5	2.5	2.5	0.0	N.A.	5.0	2.5	(2.5)	-50.0%
Total Uses	158.6	70.5	67.3	3.2	4.5%	69.6	67.3	(2.2)	-3.2%
Excess/(Shortfall) of Sources Over Uses	0.0	(4.5)	1.4			(3.5)	1.4		

Notes:

1. Amounts may not sum due to rounding.
2. Does not include special projects, which are reported separately.
3. 2015 Budget includes adopted budget only and does not include prior year's encumbrances.
4. Actuals include exp. against current year appropriation and against prior year's appropriation that carried forward.
5. Other Sources includes interest earnings and operating transfers in.
6. Other Uses include debt service and miscellaneous operating transfers out.

2015 Year To Date Tracking



% Change over Prior Year					
	Jan YTD	Feb YTD	Mar YTD	Apr YTD	May YTD
Income Tax	2.5%	4.9%	8.8%	5.9%	7.1%
Total Revenue & Other Sources	-0.1%	-1.4%	4.3%	3.7%	4.2%
Personnel	0.4%	0.3%	0.2%	0.0%	0.4%
Total Expenditures & Other Uses	-3.3%	-3.9%	-3.4%	-1.8%	-3.2%
Revenue & Other Sources over Exp & Other Uses	(2.4)	(2.8)	0.4	(0.1)	1.4

Includes extra Friday income tax collections

Reflects annual filing for income tax which is the largest collection month

Denotes Month(s) with Three City Payrolls

Sources and Uses by Month						
	Jan MTD	Feb MTD	Mar MTD	Apr MTD	May MTD	May YTD
Sources	13.1	12.5	14.3	16.5	12.4	68.8
Uses	15.5	12.9	11.1	17.0	10.8	67.3
Monthly	(2.4)	(0.4)	3.2	(0.5)	1.6	1.5

Extra PF/BB Pay of \$2.5M and Annual Health Savings Account Expenditure of \$2.6M

Includes annual Capital (\$2.5 M) and Development (\$2.5 M) transfers

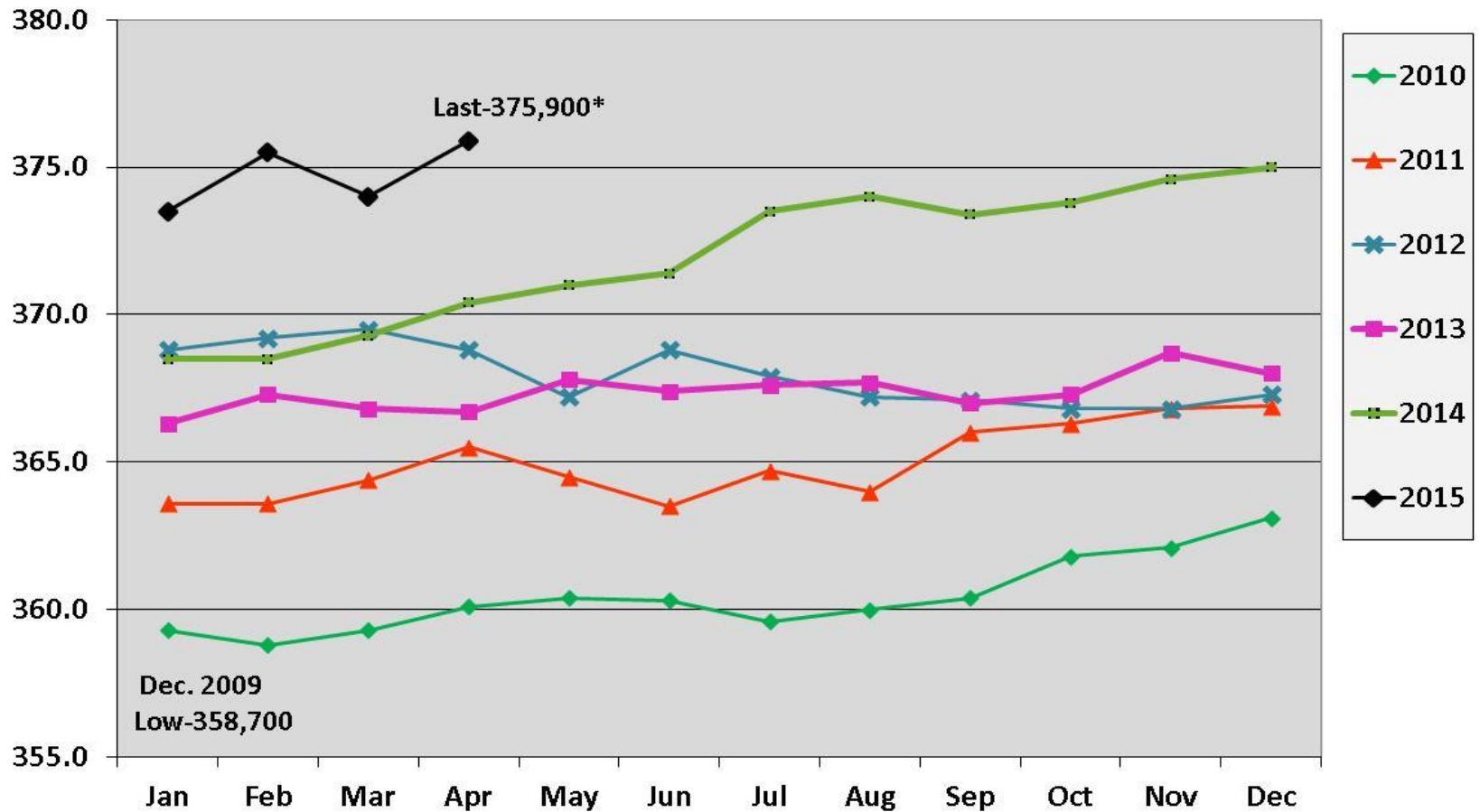




Dayton MSA Total Non-Farm Employment

From Peak to Trough the Region Lost 68,400 or 16% of the Job Base. However, Employment is up by 17,200 Jobs Since December of 2009 and is at its highest level since 2008.

(in thousands)



* Preliminary

2015 General Fund Revenues

- Income tax revenues are 4% or \$1.7M ahead of the estimate and are 7% greater than last year.
 1. YTD withholding collections climbed 4.4% or \$1.7M over last year.
 2. Taxes from business profits are up \$867,700, or 19%, all of which are attributable to corporations.
 3. Taxes paid by individuals increased 3% or \$89,000.
 4. Delinquency collections are a driver behind YTD growth, with collections up \$1.1M over the same period last year.



2015 General Fund Revenues

- Property Tax revenues through May indicate that collections are slightly ahead of the forecast even though revenue has declined 5% when compared to 2014.
 1. At this point, we are comparing the first half settlements of 2014 and 2015.
 2. We forecasted an 8% decrease in collections as real property values fell as a result of the six-year real property revaluation.





2015 General Fund Revenues

- Local Government Fund (LGF) receipts exceeded the YTD budget by \$100,000 and are up 10% over the same period in 2014.
 1. Eleven months into the SFY, State tax sources have are \$403 M (2%) ahead of the State's original estimate. The State has revised their revenue estimate upward.
 2. The proposed SFY 2016-2017 budget includes provisions that would reduce the State income tax rate which would have a negative impact on the LGF amount local jurisdictions would receive. In addition, there are proposals to redirect the municipal allocation for other purposes.



2015 State Budget Impacts on LGF

- A portion of the Local Government Fund (LGF) is allocated directly to cities. Current State budget proposals would redirect a portion of these funds. The impact on Dayton is \$325,000 in 2015 and \$826,000 in 2016.

State Budget Proposal	FY 2016	FY 2017
Redirects \$10 M from cities to townships and \$2M to small villages	\$12 M	\$12 M
Redirects \$5 M from cities for increased police training (4 to 11 hours); redirects an additional \$5 M in FY2017, plus “small” contribution will be required from Police Departments that have greater than 50 officers	\$5 M	\$10 M
Redirects \$1 M from cities to begin implementation of the Community Police Relations Task Force including a database on use of force and officer involved shootings, and a public awareness campaign	\$1 M	\$1 M
Total Funds Redirected Away from Cities	<u>\$18 M</u>	<u>\$23 M</u>



State Budget Impacts

- State budget proposals impacting Dayton and other communities:
 1. Public Safety Photo Enforcement penalty (reducing Local Government Fund allocation) still in budget.
 2. Local Government Fund -- new proposal takes municipal allocation (given to cities based on relative income tax revenues) and diverts funding to townships and for police training (annual impact on Dayton estimated at \$650,000)
 3. Workers' Compensation (PTSD Claims would not require accompanying physical ailment to be approved by the Bureau)



2015 General Fund Revenues

- Fees, Charges & Other Sources are \$800,000 or 7% ahead of the budget, but have fallen \$700,000 compared to 2014.
 1. Original forecast for public safety traffic enforcement revenues totaled \$350,000. Actual collections through May, 2015 total \$1.1 M and is the largest driver of the budget to actual variance.
 2. 2014 revenues included the \$1 million racino host payment that does not recur in 2015 and accounts for the significant decline in this category year over year.
 3. Permit revenues are up 16% or \$65,000, a good sign.
- Casino Taxes total \$1.6 M through May and are 2% (or \$33,000) less than last year.
- Ongoing racino payment (\$500,000) is now in proposed State budget but only for a 2 year period.



2015 General Fund Expenditures

- Personnel Costs are under budget by 5% or \$2.4M and are flat compared to the first five months of 2014.
 1. Negotiated wage increase of 3% has been implemented for Police, Building Trades, and D.P.S.U. employees including retroactive pay. PTS employees 3% increase is in process and retroactive pay will follow. Currently we have tentative agreement with I.A.F.F.
 2. The average number of employees in the General and Street Maintenance Funds declined by 27 positions or 2%, from 1,219 to 1,192 (May, 2014 YTD to May, 2015 YTD).



2015 General Fund Expenditures

- Contracts, Materials & Other Uses are under budget by \$700,000 at the end of May, reflecting a 7% decline in spending compared to the same period last year.
 1. The reimbursement to schools of \$382,000 occurred in January of 2014 (delayed from December, 2013).
 2. YTD 2014 activity includes \$350,000 for a transfer to capital to replace street lights that is now part of the Street Lighting assessment.
 3. Timing is a contributing factor related to the budget variance.



2016 Budget Priorities

Early input meetings held with members of City Commission in May. Results:

- a) Road repair, resurfacing, reconstruction
- b) Demolition of blighted properties
- c) Reducing Gun Violence/Police Community Relations
- d) Customer Service and Providing Quality Services
- e) Creating opportunities for youth (recreation, employment)
- f) Economic Development
- g) Wealth Creation
- h) Financial Stability

Note: There is overall consensus but there is not complete agreement on relative priority.





Coming in July:

1. Early July, first revised appropriation will be submitted for City Commission consideration.
2. Status of 2015 budget.
3. Next steps in 2016 budget process.
4. Possible options for 2016 budget.
5. Revised investment ordinance coming forward next month.





Thank you.

Questions?

